

Message Text

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ACTION ARA-10

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E.O. 11652: N/A

TAGS: EGEN, AR, EFIN

SUBJECT: NEW CENTRAL BANK PRESIDENT NAMED: ECONOMY MINISTER SPEAKS
AT CEREMONY

1. AUGUST 5, DR. EMILIO MONDELLI WAS CONFIRMED NEW PRESIDENT
OF CENTRAL BANK REPLACING DR. EDUARDO ZALDUENDO, VICE PRESIDENT
TEMPORARILY IN CHARGE OF PRESIDENCY. DR. MONDELLI HAS SERVED
AS GENERAL MANAGER OF CENTRAL BANK SINCE AUGUST 1974.

2. AT OFFICIAL SWEARING-IN CEREMONY, ECONOMY MINISTER PEDRO
BONANNI MADE SHORT SPEECH REVEALING SOME ASPECTS OF HIS
ECONOMIC THINKING. DR. BONANNI SAID THOSE WHO SEEK RESOLVE
ECONOMIC PROBLEMS VIA MONETARY AND EXCHANGE POLICIES
ALONE ARE MISTAKEN. MONETARY AND CREDIT POLICY MUST BE PLACED
AT SERVICE OF NATIONAL RECONSTRUCTION AND LIBERATION. CENTRALI-
ZATION OF CREDIT UNDER DEPOSIT NATIONALIZATION PROVIDES OPPOR-
TUNITY TO DIRECT FINANCIAL RESOURCES TOWARD PRIORITY ACTIVITIES --
KEEPING IN MIND NECESSITY AFFIRM POWER OF NATIONAL DECISION OF
DOMESTIC SAVINGS.

3. FOLLOWING SOME COMMENTS ON AUTONOMY AND AUTARCHY OF CENTRAL
BANK, DR. BONANNI THEN TURNED TO EXTERNAL SECTOR. HE SAID

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ARGENTINE MUST MAINTAIN ALL TYPES COMMERCIAL AND FINANCIAL RELA-

TIONS WITH REST OF WORLD BUT WITHOUT RENOUNCING JUST RECIPROCITY IN DEFENSE NATIONAL INTEREST. RESOLUTION BALANCE OF PAYMENTS PROBLEM WILL REQUIRE SEVERAL MEASURES INCLUDING RATIONALIZATION OF IMPORTS AND EXPORT EXPANSION -- NOT ONLY VIA USE OF EXCHANGE RATE BUT ALSO BY EXPANDING PRODUCTIVITY. BONANNI EMPHASIZED INCREASED PRODUCTIVITY MEANS NOT ONLY INCREASED EFFORT BY LABOR, BUT ALSO IMPROVED EFFICIENCY AND ORGANIZATION BY COMPANIES AND BETTER USE OF TECHNOLOGY. HE SAID LOOPHOLES FOR CAPITAL FLIGHT AND OTHER FACTORS TENDING REDUCE NATIONAL WEALTH MUST BE TIGHTLY CONTROLLED. FINALLY, BONANNI SAID ARGENTINA MUST SEEK NEW EXTERNAL SOURCES CREDIT AND RENEGOTIATE DEBT WITH NO DETRIMENT TO ARGENTINA.

4. ENDING SPEECH, BONANNI SAID COUNTRY NOT NEAR COLLAPSE AND SOMBER PREDICTIONS MUST BE DRIVEN AWAY. COUNTRY WILL SOON HAVE PLAN OF NATIONAL EMERGENCY WHICH WILL BE IMPLEMENTED WITH EQUIRED DECISION AND ENERGY.

5. COMMENT: LIKE HIS FIRST SPEECH, THIS ONE WAS HIGHLY POLITICAL IN CONTENT AND HEWED CLOSELY TO CGT-CGE ECONOMIC LINE. ITS STRONGLY NATIONALISTIC TONE AND DE-EMPHASIS OF IMPORTANCE MONETARY AND EXCHANGE POLICY NOT VERY ENCOURAGING. WE CHECKING TO DETERMINE POSSIBLE IMPLICATIONS OF REFERENCE TO EXTERNAL DEBT RENEGOTIATION.
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